

**DEPARTMENT OF TAXATION AND FINANCE**  
**BOARD OF COMMISSIONERS - CORPORATION TAX BUREAU**

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In the Matter of the Applications of :  
  
**TINKER NATIONAL BANK** :  
  
for revision or refund of taxes under : **Hearing Case No. 3452**  
Article 9-C of the Tax Law based on :  
the calendar years 1959, 1961 and 1962. :

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The report for the calendar year 1959 was filed on August 31, 1960. Based on a Federal change in net income the tax was recomputed and an audit and statement was made on July 17, 1964. The report for the calendar year 1961 was filed on August 28, 1962. The report for the calendar year 1962 was filed on March 13, 1963.

Section 219-ee, provides in part as follows:

"If an application for revision be filed with the commission by a taxpayer within two years from the time of the filing of the return, or if the tax of such taxpayer shall have been recomputed \* \* \* then within one year from the time of such recomputation \* \* \* the commission shall grant a hearing \* \* \*."

Applications for revision or refund were filed on August 31, 1964 and under the above provisions are timely for the years 1959 and 1962.

Application for the year 1961 was filed with letter dated August 27, 1964, and bears the Corporation Tax Bureau receiving stamp dated August 31, 1964.

August 31, 1964 was a Monday and the envelope in which the letter and applications were enclosed has been destroyed.

However, since the central mail room in the State Office Building is closed on Saturday and Sunday, there is reason to believe that the envelope was received bearing a United States postmark of August 27 (Thursday) and actually received in our central mail room on Friday, August 28, 1964, but was not delivered to this Bureau until Monday, August 31, 1964.

Under the circumstances, this Board recommends that the application for 1961 be accepted as a timely one.

The taxes were computed and recomputed as follows:

	<u>1959</u>	<u>1961</u>	<u>1962</u>
Income as reported	\$144,806.56	\$299,726.40	\$428,563.38
Federal change in net income	<u>7,563.08</u>	-	-
Total Income	152,369.58	299,726.40	428,563.38
Tax at 4 1/2%	\$ 6,856.63	\$ 18,882.69	\$ 19,285.35

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On the applications the taxpayer claims in the preparation of the returns for the years 1959, 1961 and 1962 it inadvertently included as income certain unearned or uncollected discount.

In its Federal income tax returns the taxpayer reported as income only the amount of discount actually earned in the years 1959, 1961 and 1962 and omitted therefrom the unearned or uncollected discount. Such procedure is in accordance with the Federal income tax law.

Copies of Federal returns for the years 1959, 1961 and 1962 show that unearned or uncollected discount in the respective amounts of \$93,698.19, \$103,451.45 and \$237,645.22, were omitted in arriving at net income.

Since under Article 9-C of the Tax Law income is computed in much the same manner as under the Federal income tax law, this Board recommends that the taxes be corrected as follows:

	<u>1959</u>	<u>1961</u>	<u>1962</u>
Income previously taxed	\$152,369.58	\$299,726.40	\$428,563.38
Less unearned discount	<u>93,698.19</u>	<u>103,451.45</u>	<u>237,645.22</u>
Corrected Income	\$ 58,671.39	\$196,274.95	\$190,918.16
Tax at 4 1/2%	2,640.21	8,832.37	8,591.32
Prior Taxes	6,856.63	13,487.69	19,285.35
Credit	\$ 4,216.42	4,655.32	\$ 10,694.03

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Chairman

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WFS:MB  
January 6, 1968